

ORDINANCE NO. \_\_\_\_

AN ORDINANCE TO AMEND CHAPTER 25, CODE OF ORDINANCES, CITY OF  
MEMPHIS, SO AS TO AMEND SECTION 25-200 OF THE 1978 PLAN TO ADD  
SUBPARAGRAPH (H) TO ALLOW FOR LIMITED SUSPENSION OF THE DROP  
PROGRAM BY QUALIFYING PARTICIPANTS

WHEREAS, the City of Memphis maintains the City of Memphis Retirement System for General Employees, including police officers and firefighters, consisting of a 1948 plan, a 1978 plan, as amended in 2012, and as amended in 2016, and a 2016 plan, all as currently codified and established under City Ordinance Chapter 25, Articles I through VII, Divisions 1 through 3 (the “City’s Pension System”); and

WHEREAS, as part of the 1978 plan the City of Memphis, Tennessee has established a Deferred Retirement Option Plan (DROP) amended and restated by Ordinance No. 5599 dated October 9, 2015; and

WHEREAS, the City of Memphis desires to further amend section 25-200 to allow certain individuals currently participating in the DROP program to suspend their current participation;

NOW, THEREFORE, the DROP program is modified by adding as subparagraph (H) to section 25-200, as amended and restated by Ordinance No. 5599, the following subparagraph (H):

(h) Notwithstanding any other limitations, an employee who holds the position and title of Chief Operating Officer, Chief Legal Officer/City Attorney, Chief Financial Officer, Chief of Human Resources, Chief Communications Officer, Chief/Director of Police, Chief/Director of Fire, City Council Administrator or Chief of Staff (“Eligible Employee”), who elected to participate in the DROP program between January 1, 2012 and June 30, 2016 and whose effective date of retirement is between January 1, 2017 and December 31, 2018 may elect to “freeze” temporarily in place or extend such Eligible Employee’s “freeze” under subparagraph (G) and suspend participation in the DROP program (“DROP Suspension”). Requests for a Drop Suspension must be submitted by an Eligible Employee in writing to the City of Memphis, Tennessee Human Resources Office on or before December 31, 2016 on a DROP Suspension Form provided for such purpose by the Human Resources Office. The DROP Suspension period (“DROP Suspension Period”) shall commence on the first Business Day following receipt by the Human Resources Office of the duly executed and complete DROP Suspension Form (the “DROP Suspension Commencement Date”) and shall continue until the earlier of (i) the date the participating employee elects to “unfreeze” and resume participation in the DROP program by submitting a written notice to the Human Resources Office on a form provided for such purpose by the Human Resources Office (the “DROP Suspension Termination Date”), which DROP Suspension Termination Date may be at any time after the DROP Suspension Commencement Date, or (ii) three (3) years following the DROP Suspension Commencement Date.

By electing to “freeze” and suspend participation in the DROP program, the participating employee agrees that during the DROP Suspension Period he or she will be deemed to be an “Employee” under the City’s Pension System, subject to the terms and conditions of the City’s Pension System, and for all other City purposes and shall thereby receive creditable service for pension purposes as a regular employee during the DROP Suspension Period. The City and the electing employee will be required to make all City and Employee Contributions to the City’s Pension Plan during the DROP Suspension Period in accordance with the terms and provisions of the City’s Pension System.

Commencing immediately upon the Suspension Commencement Date and continuing throughout the DROP Suspension Period the City’s payments to the employee’s DROP account will cease. However, any amount accrued in the employee’s DROP account immediately preceding the Suspension Commencement Date will continue in such account for the benefit of the electing employee and will continue to accrue interest as provided in and be subject to subparagraph (D) hereof during the DROP Suspension Period.

Effective on the first Business Day following the DROP Suspension Termination Date, the employee’s participation in the DROP Program shall recommence and the employee shall be entitled to complete any time remaining in the original DROP election period under subparagraph (C) (1, 2, or 3 years) as of the DROP Suspension Commencement Date except that the City’s payments into the employee’s DROP Account from the recommencement date until termination of the original DROP election period shall be based on recalculated Pension Benefits using the additional pension credible service earned during the DROP Suspension Period. The employee shall not receive pension credible service for the period of time the employee previously participated in the DROP program. Upon the employee’s recommencement in the DROP Program the provisions of subsection (D) shall apply.